



Subject: Analysis of Development Considerations for the American Legion Property

Key Tradeoffs in Allocation of Land



Maximizing space to meet Town needs for future park amenities and recreation programming (*Council Goal: Develop Good Places, New Spaces*)



Generating revenue to fund additional payments on the property; protecting the funding of other parks and recreation projects; potentially funding development of the American Legion Park (*Council Goal: Govern with Quality and Steward Public Assets*)



Creating opportunity for private development that could allow for job creation and other community benefits (*Council Goal: Support Community Prosperity*)

A. Parks & Recreation Considerations

Overview

- Parks & Recreation staff have identified significant programming needs. There is a lack of space for summer camps, athletic and nonathletic programming.
- Parks and Recreation staff see demand for large multipurpose indoor facilities, such as two full sized basketball courts and meeting space.
- Partnerships with groups having similar missions would be complicated as they would likely compete for peak demand times. Groups may also want to charge for programming that the Town would offer at no cost to residents.

Community Park Opportunity

- The American Legion site represents the best opportunity for a community park in northeast Chapel Hill (only feasible site between Dry Creek and Chapel Hill Community Center). Residential growth in the neighboring Ephesus-Fordham District underscores the need for a park.
- The standard size for a community park is a minimum of 20 acres.
- The adjacent Ephesus Park could be counted towards this acreage. However, the opportunity for development of larger park facilities is closer to the existing Legion Post building (outside the RCD).

Guidance on Uses

- In reviewing the list of uses on page 15 of the Task Force Report to Council, Parks & Recreation staff indicated that the following uses would contribute to a community park, are identified as needs in the 2013 Parks Master Plan, and would be appropriate for the American Legion site:

PASSIVE USES

- Trails
- Open play / Lawn area
- Dog Park (the #1 need identified in public surveys)
- Programmed outdoor recreation (other than athletic fields)
- Outdoor gathering and picnic shelters
- Playground (built by community)

ACTIVE USES

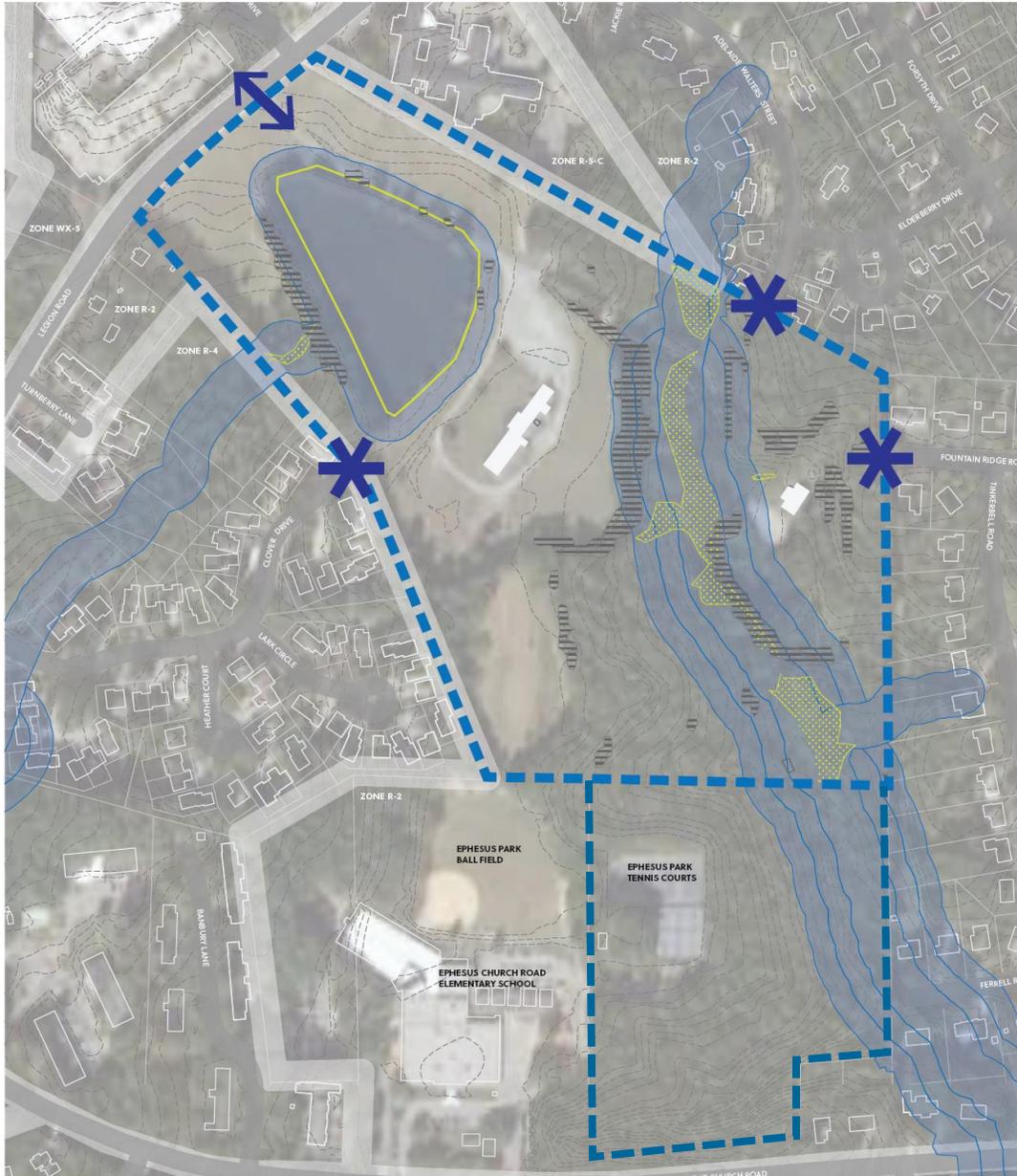
- Indoor programmed space (including gymnasium and classroom/meeting space)
- Outdoor pool
- Outdoor courts including pickleball, basketball, and tennis (small number of new courts)
- Parks & Recreation staff would list the following uses as a lower priority, and/or would not consider the following uses appropriate for the site:
 - Athletic fields (other locations in Chapel Hill are more appropriate and sufficient to meet demand, such as Homestead Park)
 - Skate park (existing one could be expanded if need arises; currently underutilized)
 - Parks & Recreation administrative office (planned for Estes Dr. site)
 - Indoor pool (not identified as a need in Master Plan; Town has 2 existing)
 - Outdoor performance venue (not appropriate for the site based on parking and access; not identified as a need in Master Plan)
- If a farmer's market is located on the site, it should be as part of multifunctional space, not standalone, since the farmer's market does not operate every day
- A splash pad on the site should only be done in conjunction with an outdoor pool because of the efficiencies with extending water infrastructure

B. Business Management Considerations

- The Town owes \$4.3 million of American Legion owner financing payments that need to be made in the next 18 months (split between March 2018 and March 2019)
- The only funds currently available are from a future borrowing, most likely the Parks General Obligation (GO) Bonds (approved 2015)
 - The Town has authority to issue Parks Facilities General Obligation bonds to repay the owner financing of the property
 - Repayment of debt is the first priority, before funding other capital projects
 - Current plan for these funds (\$7 million total) includes replacement of the P&R administration offices (\$3.5 million) and creation of new programming/arts space (\$3.5 million)
 - Using these bonds for American Legion financing payments will delay, diminish or eliminate these other priority projects
- Initial payment on American Legion (\$3.6 million in March 2017) was made using excess fund balance. No excess funds are anticipated for the Town in the near term
- Proceeds of the sale of a portion of the American Legion property could be used to finish paying for the property and allow GO bonds to go toward their original intended use
- No funds are currently available to develop an American Legion community park
 - Town capital needs are already greater than existing debt capacity. Several projects are being delayed because the Town has limited capacity to pay additional debt service

C. Economic Development Considerations

- Land near Legion Road has the current potential to sell for about \$500,000 per acre
- In addition to generating sale proceeds, selling a portion of the American Legion property could deliver community benefits such as:
 - Ongoing tax revenue stream (from commercial development)
 - Public destinations and amenities (possible depending on the purchaser)
 - Reduced grounds maintenance costs for the Town – most notably, shifting the cost of maintaining or removing the pond and dam
- Any portion of the property considered for sale should have a location and size that makes it viable for private development
 - Frontage on Legion Rd
 - 5 acres would allow for a small office building in an urban format
 - 10 acres would offer more flexibility for development of commercial, office, or institutional uses, with parking that could potentially be shared
- When considering purchasers that would offer public amenities, there is a need to consider how program offerings could compete or conflict with Parks & Recreation amenities at the American Legion property
- Town Council could consider ways to leverage additional public amenities from a future property owner, through the sale and entitlement processes



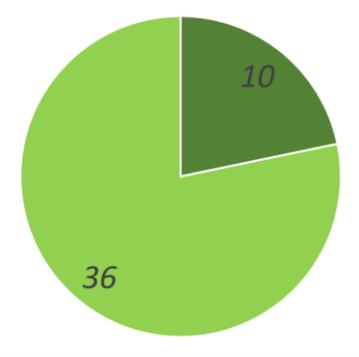
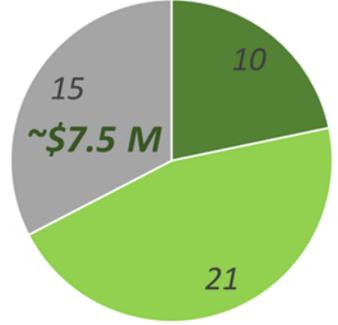
American Legion and Ephesus Park Properties

D. Potential Land Allocation Scenarios

Assumptions:

1. 46 acres to allocate (36 acres for American Legion property, 10 acres for Ephesus Park)
2. 20 acre minimum size for a community park
3. \$500,000 per acre land sale price (for commercial/office/institutional use)
4. 5 acre minimum size for any private development site (allows a small office building in an urban format, or something similar)

Scenarios outlined on following pages

	Description of land uses	Financial Scenario	Timing for Park Improvements	Trade-offs
Scenario 1: Maximize Future Park Land				
<ul style="list-style-type: none"> ■ Ephesus Park ■ American Legion Park ■ Land Sale 	<p>46 acres dedicated as parkland</p> <p>0 acres sold for private development</p>	<p>\$0 revenue generated</p> <p>\$4.3M of owner financing payments made using General Obligation (GO) bond capacity</p> <p>\$2.7M remaining GO bond capacity used to fund scaled-down Parks & Recreation offices (at Estes Dr site)</p> <p>\$0 GO bond capacity for programming/arts space</p>	<p>Funding of new programming/arts space delayed by 5+ years (subject to future bond issuance)</p> <p>Timeline for funding American Legion park facilities unknown</p>	<p>Town pays higher grounds maintenance cost</p> <p>Town pays for dam maintenance/removal (\$400K or more)</p> 
Scenario 2: Recover Purchase Price, Fund Park Improvements				
<ul style="list-style-type: none"> ■ Ephesus Park ■ American Legion Park ■ Land Sale 	<p>31 acres dedicated as parkland</p> <p>15 acres sold for private development (most of land west of existing Legion building, including all of existing pond)</p>	<p>~\$7.5M revenue generated (contingent on market dynamics)</p> <p>\$4.3M of owner financing payments made using land sale revenue</p> <p>GO bonds put toward original intended uses</p>	<p>Land sale revenue leaves additional funds that could be allocated towards the property</p> <p>Funding of American Legion park facilities in the short-term, including passive facilities and some active facilities</p>	<p>Town pays lower grounds maintenance cost; dam maintenance/removal paid by new owner</p> <p>Potential for tax revenue stream (if purchaser is not tax-exempt)</p> 

	Description of land uses	Financial Scenario	Timing for Park Improvements	Trade-offs
Scenario 3: Recover Purchase Price				
<ul style="list-style-type: none"> ■ Ephesus Park ■ American Legion Park ■ Land Sale <p>A pie chart illustrating the land use distribution for Scenario 3. The chart is divided into three segments: a dark green segment representing Ephesus Park (10 acres), a light green segment representing American Legion Park (26 acres), and a grey segment representing Land Sale (10 acres). The total value is indicated as approximately \$5.0 M.</p>	<p>36 acres dedicated as parkland</p> <p>10 acres sold for private development (land along Legion Rd except a portion reserved for park frontage; most or all of existing pond)</p>	<p>~\$5M revenue generated (contingent on market dynamics)</p> <p>\$4.3M of owner financing payments made using land sale revenue</p> <p>GO bonds put toward original intended uses</p>	<p>Land sale revenue may leave a small amount of additional funds that could be allocated towards the property</p> <p>Funding of some American Legion passive recreation facilities in the short-term</p> <p>Timeline for funding American Legion active uses unknown</p>	<p>Town pays lower grounds maintenance cost</p> <p>Potential for tax revenue stream (if purchaser is not tax-exempt)</p>
Scenario 4: Partially Recover Purchase Price				
<ul style="list-style-type: none"> ■ Ephesus Park ■ American Legion Park ■ Land Sale <p>A pie chart illustrating the land use distribution for Scenario 4. The chart is divided into three segments: a dark green segment representing Ephesus Park (10 acres), a light green segment representing American Legion Park (31 acres), and a grey segment representing Land Sale (5 acres). The total value is indicated as approximately \$2.5 M.</p>	<p>41 acres dedicated as parkland</p> <p>5 acres sold for private development (some of the land along Legion Rd; a portion of the existing pond)</p>	<p>~\$2.5M revenue generated (contingent on market dynamics)</p> <p>~\$2.5M of owner financing payments made using land sale revenue</p> <p>~1.8M of owner financing payments made using General Obligation (GO) bond capacity</p> <p>~5.2M GO bond capacity for original intended uses (25% reduction of funds available for Parks & Recreation offices, programming/arts space)</p>	<p>Funding of some new programming/arts space delayed by 5+ years (subject to future bond issuance)</p> <p>Timeline for funding American Legion park facilities unknown</p>	<p>Town pays lower grounds maintenance cost; may need to pay for dam maintenance/removal depending on terms of land sale</p> <p>Potential for tax revenue stream (if purchaser is not tax-exempt)</p>